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RUEHLM/AMEMBASSY COLOMBO PRIORITY 4704
RUEHKA/AMEMBASSY DHAKA PRIORITY 9810
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 2689
RUEHLO/AMEMBASSY LONDON PRIORITY 4104
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 9845
RUEKJCS/SECDEF WASHDC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY
RHHMUNA/CDR USPACOM HONOLULU HI PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
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C O N F I D E N T I A L KATHMANDU 001464

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TAGS: [PREL](#) [PGOV](#) [PTER](#) [NP](#)
SUBJECT: MAOISTS PRESSING THEIR ADVANTAGE DESPITE CEASE-FIRE

REF: KATHMANDU 1433

Classified By: Classified by A/DCM Larry Schwartz.
Reasons 1.4 (b/d).

Summary

1. (C) The Maoist spokesperson Mahara again threatened to walk out of peace talks unless the Government of Nepal (GON) dissolved the House of Representatives. The Maoists are still abducting, recruiting, extorting and preventing government officials from doing their jobs in large parts of the country; and they continue to pursue their parallel government. Although the political party leaders are protesting the Maoists' threats and actions, the seven-party alliance has yet to find a way to get the Maoists to cut back their brinksmanship and cease their violations of the code of conduct. End summary.

Maoists Threaten to Stall Peace Talks

2. (C) Krishna Bahadur Mahara, spokesperson for the Maoists and leader of their negotiating team, warned at a press conference that, "A majority of those who got democracy revived are not represented in the current House of Representatives. As such, it should be dissolved within a week. Otherwise, the peace talks will be stalled." One media outlet reported that he also threatened that the Maoists would be forced to carry out another "large scale revolt" if the GON did not carry out the people's wishes. Gyanendra Karki, Central Committee Member of the Nepali Congress-Democratic, discounted Mahara's threats as meaningless.

Parties: No Dissolution of House Yet

3. (C) Madhav Kumar Nepal, General Secretary of the Communist Party of Nepal-United Marxist Leninist (CPN-UML), stated publicly that the Maoist Army was an obstacle to the election of a constituent assembly. He stressed that it would only be possible to hold an election if there were an international observer to ensure that Maoist weapons were under control. He also indicated that an interim government could be formed immediately after managing the Maoist weapons. Anil Jha, Joint General Secretary of the Nepal Sadbhavana

Party-Anandidevi (NSP-A) agreed with MK Nepal, and told us that elections could not be held without managing the Maoists' weapons. He said the House should not be dissolved until the date of the constituent assembly was decided.

Maoists Continue With Parallel Government

¶4. (C) The Maoists continue to pursue a parallel government in many parts of the country. In Morang District (eastern Nepal), Maoists ordered contractors to share half of the revenue they gained from contracts with the local District Development Committee (DDC), in contrast with their practice elsewhere when the insurgents have asked for contract bids in direct competition with local DDCs (Reftel). According to the Morang DDC, this was the second time the DDC had issued a call for contracts and no companies had bid. In Lamjung district (Central Nepal), media reports indicated that the Maoists had ordered the secretaries of the Village Development Committees not to return to their jobs unless elections for constituent assembly were held. A source at the United Nations High Commission on Refugees (UNHCR) reported that the Chief District Officer (CDO) of Taplejung district (Eastern Nepal) had confirmed that there were no secretaries or GON representatives in any of the fifty-one

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VDCs. Kashinath Adhikari, Central Committee Member of the CPN-UML, explained that most government secretaries remained stationed in District Headquarters because they were afraid to go to their villages.

Maoists Continue Rhetoric and Activities

¶5. (SBU) Meanwhile, despite the May 24 code of conduct, Maoists continue abductions and extortion around the country. Maoists abducted 150 children from schools in Ramechhap District (just east of Kathmandu) and forced them to take part in the Maoists' rally in Kathmandu on June 2 and in a rally on June 6 in Charikot (District Headquarters for Ramechhap). In a June 5 speech in Morang, Maoist leader Prachanda blamed the United States and India for Nepal's current problems. He asserted, "There are some ministers in the government who are the agents of America, and working according to the signals from America and India to make the talks fail and sideline us (the Maoists)." Prachanda also stressed that the Maoists would "wage a final battle" if the GON did not form a republic. Although Maoist propaganda had been anti-American in the past, this is the first time they included India in their tirades since about October when the parties and the Maoists started the talks that led to their 12-point understanding.

Comment

¶6. (C) It is deeply disturbing that the Maoists continue to take advantage of the absence of a legitimate government presence in most of Nepal to pursue their own parallel government. The central authority's lack of instructions to district government institutions, such as the CDO and police, exacerbate a bad situation. The Home Minister told the Ambassador that the GON was working to transfer CDOs, which should help revive government in the regions.

¶7. (C) Despite Mahara's continued threats to walk out of the peace talks, the Prime Minister and seven-party alliance leaders have dismissed the idea of dissolving the House. That said, after the House passes some regulations to try to codify its May 18 proclamation, it might recess until the budget session in mid-July.

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